

Message Text

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70

ACTION ARA-20

INFO OCT-01 AF-10 EA-11 NEA-14 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-03 COME-00 DODE-00 EB-11 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02

PA-04 PRS-01 USIA-15 DRC-01 /209 W

----- 130505

R 241700Z SEP 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 2562

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMCONSUL GUAYAQUIL

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

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E.O. 11652: N/A

TAGS: ENRG, EC

SUBJECT: MINISTER JARRIN PRESS STATEMENT

REF: STATE 207069 (NOTAL)

1. MINISTER NATURAL RESOURCES JARRIN SPOKE TO PRESS UPON
RETURN FROM OPEC MEETING SEPTEMBER 20. HE POINTED OUT THAT
OPEC AGREED UPON A TAX INCREASE AMOUNTING TO 33 CENTS PER
BARREL ON ARABIAN MARKER CRUDE. HE SAID THAT HIS

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PETROLEUM ADVISORS WILL DETERMINE THE MANNER IN WHICH

ECUADOR WILL APPLY THIS DECISION. HE EMPHASIZED AS THE INTENTION OF OPEC THAT THE OIL COMPANIES, "WHO LATELY AND FOR VARIOUS REASONS HAVE OBTAINED EXCESSIVE PROFITS", SHOULD ABSORB THIS TAX INCREASE WITHOUT PASSING IT ON TO CONSUMERS. HE SAID IT IS THE RESPONSIBILITY OF CONSUMING COUNTRIES, ESPECIALLY THOSE WHERE THE COMPANIES HAVE HEADQUARTERS, TO SEE THAT THIS OBJECTIVE IS ATTAINED.

2. JARRIN ANNOUNCED THAT THE GOE WILL ESTABLISH A BUYBACK ARRANGEMENT FOR ITS PARTICIPATION CRUDE (25) AND WILL INCREASE STATE PARTICIPATION IN ACCORDANCE WITH OPEC PRACTICE. ACKNOWLEDGING THAT OPEC DECISIONS IN 1970 AIMED AT 51 PER CENT STATE CONTROL BY 1980, HE SAID THE SITUATION HAS CHANGED RAPIDLY AND THAT THE ENERGY CRISIS HAS MADE IT NECESSARY TO CONTROL THE PETROLEUM INDUSTRY WITHIN AN ABBREVIATED PERIOD.

3. REGARDING BUYBACK, HE SAID GOE WILL OPEN NEGOTIATIONS WITH TEXACO-GULF SINCE A BUYBACK SCHEME NOW APPEARS TO OFFER THE BEST PROTECTION FOR THE NATIONAL INTEREST IN THE FACT OF "THE BOYCOTT AND UNFAIR COMPETITION WHICH HAS INTERFERED WITH DIRECT SALE OF GOVERNMENT CRUDE."

4. COMMENT: JARRIN'S IS THE FIRST PUBLIC ANNOUNCEMENT THAT THE GOE IS ABOUT TO PUSH TEXACO-GULF INTO A HIGH-COST BUYBACK ARRANGEMENT. TEXACO-GULF HAD RECEIVED PRIOR NOTICE (REFTEL). THE BEST OFFERS TO GOE IN RECENT INVITATION TO BID ON PARTICIPATION CRUDE WERE IN RANGE OF \$12.20 TO \$12.40 PER BARREL, AS AGAINST REFERENCE PRICE OF \$13.70.
BREWSTER

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30 JUN 2005

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